

ENERGY ALLIANCE TAKING BABY STEPS

By Louisa Barber

During the second public meeting of the MonDak Energy Alliance Thursday, patrons learned officials received an air permit to construct a topping plant facility on site in Trenton, N.D.

Dakota Oil Processing LLC president Mike Wavra said this comes after forming a group that reviewed feasibility of constructing a 20,000 barrel per day topping facility and contracted with ENGlobal Engineering to complete the application for the air permit.

“We currently have our business plan completed for the facility,” Wavra said, “and it’s in the preliminary stage right now because we are working with a third party group to complete the marketing analysis, which will take the inputs and outputs.” A topping facility, much like a mini refinery, takes apart crude oil to produce mostly diesel fuel. Wavra said the facility will take \$30 million to build and \$20 million in working capital. The goal is to start the equity drive in six to eight weeks.

The facility is just one of six parts of an energy complex the alliance, headed by Sidney Mayor Bret Smelser and Williston, N.D., Mayor Ward Koeser, want to create. Their goal is to develop renewable energy with petroleum resources, and they want to build a 100,000 barrel or more refinery with wind, bio-diesel, ethanol and coal to liquids plants that will increase the tax base and create good-paying, long-term employment.

“We literally sit at the epicenter for energy resources,” Koeser said.

Gary Reeves, manager of process engineering at ENGlobal Engineering in Houston, Texas, said the complex will be co-located as its different facilities would be .75 miles away or less from each other as they share common needs. All facilities will need raw materials that include coal, crude oil and fats and oils. All will need a lot of land (the refinery with 1,000 acres, coal to liquids 1,500 acres and an ethanol plant 200 acres approximately). Each facility will need transportation both road and rail. Power will be needed, which is an estimated 70-100 megawatts of power to run the complex. Water is needed for corn to process for ethanol, waste water can be treated in a central unit and a hydrogen plant can use any kind, but salt water.

Reeves said that the products produced from the plants can be used by the plants for power generation. The bottom line for colocation, he said, is that “syncrude is hard to ship. Hydrogren’s hard to ship. Infrastructure’s common. The transportation [is similar].”

Guests listened to speakers talk about the energy future in Montana and North Dakota, which included Eric Stern, senior consul for Gov. Brian Schweitzer, who told the group

that the state has seen steady economic growth over the past few years and the governor wants to “position” Montana into place where the nation will want its resources.

“He’s really worked very hard to try to create a business friendly climate in Montana and to develop as much energy as he can,” he said, adding that there’s been four new wind farms since 2005, and the state has 8 percent of the world’s coal.

Stern said the governor is looking to figure out where to help create a refinery. “Obviously Sidney is the bull’s eye. Sidney is the place where we think has the greatest potential to refine product that makes it through here whether it’s coming from the tar sands of Alberta or off of the bakken,” he said. “We’re going to do what we can as a state government. Certainly, I know Gov. Schweitzer would love a refinery to be part of his legacy here.”

But things got a little heated when Rep. Walt McNutt, R-Sidney, took the podium and told a stark contrast of what Stern had said earlier. “I’m envious when I hear what North Dakota’s doing,” he said. “We can tout us as being the greatest and the best, but we got a ways to go.”

McNutt said he came out of the legislative’s “biggest disappointing session yet” as far as energy as there are more lawsuits filed to halt oil production and develop natural resources than any other state. There are numerous bills, he said, that inhibit energy development, much of which are driven by money. One bill proposed was a \$1 per barrel surcharge on oil to pay for K-12 education, which the appropriations committee killed. Another was SB258 that put “bench marks” on the price structure of gas so that once it got to a certain price, the tax holiday disappears.

With carbon sequestration on the horizon, McNutt noted that talk does no good when the Legislature neglected to pass any bills for pipelines and storage. He said he was also disappointed that ultimately, there were no long-range plans made for renewable energy development and it’s up to the people to “take a stand.”